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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Re: Ex Parte Filing
CC Docket Nos. 96-98 & 95-185

Dear Mr. Caton:

Enclosed are WinStar Communications, Inc.'s Comments of 26 September 1997, and Reply Comments of 21 October 1997 in the Commission's proceeding to implement Section 224 of the Communications Act, CS Docket No. 97-151. Winstar hereby files these documents in the above-referenced Interconnection dockets.

The attached Comments and Reply Comments clarify WinStar's positions concerning rights-of-way. Specifically, the filings:

- * provide legal justification (caselaw) for defining rights-of-way to include rooftop access and
- * demonstrate that sound policy reasons compel the adoption of a rate methodology for pricing rights-of-way.

As required by the Commission's rules, two copies of this letter are being filed in each of the above-referenced proceedings.

Sincerely,



Michael P. Finn

cc: JoAnn Lucanik
Claire Blue

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U.S. AIR MAIL

00000000

Three Lafayette Center
1951 M Street, NW
Washington, DC 20036-3384
202 328 8000

Tel: 202 328 8000
WU 39-2762
Fax: 202 327 8979

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BEFORE THE

Federal Communications Commission

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FEDERAL COMMUNICATIONS COMMISSION
GOVERNMENT OF THE UNITED STATES OF AMERICA

In the Matter of

Implementation of Section 703 (e)
of the Telecommunications Act
of 1996

Amendment of the Commission's
Rules and Policies Governing
Fold Attachments

CS Docket No. 97-151

COMMENTS OF WINSTAR COMMUNICATIONS, INC.

Timothy Graham
Robert Berger
Joseph Sandri, Jr.

WINSTAR COMMUNICATIONS, INC.
1146 19th Street, N.W.
Suite 200
Washington, D.C. 20036
(202) 833-5678

Philip L. Verveer
Michael F. Finn

WILLKIE FARR & GALLAGHER
Suite 300
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20036
(202) 328-8000

Attorneys For WinStar
Communications, Inc.

September 26, 1997

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SUMMARY

WIRELESS COMPETITIVE LOCAL EXCHANGE CARRIERS ("CLECS") DEPEND ON ACCESS TO ROOFTOPS TO DELIVER THEIR SERVICES.

- TRAFFIC IS TRANSMITTED AND RECEIVED VIA SMALL ANTENNAS AND PIZZA-SIZED DISHES PLACED ON ROOFTOPS.
- WIRELESS CLECS' ABILITY TO OFFER COMPETITIVELY-PRICED SERVICES IS HAMPERED DUE TO AN INABILITY TO OBTAIN ROOFTOP ACCESS ON FAIR TERMS.

THE COMMISSION SHOULD INTERPRET THE TERM "RIGHTS OF WAY" BROADLY:

- ALL ACCESS RIGHTS HELD BY THE UTILITY MUST BE AVAILABLE TO TELECOMMUNICATIONS CARRIERS UNDER SECTION 224 - WHENEVER A UTILITY MAY ACCESS A BUILDING, ROOFTOP, ETC., SO TOO MAY A TELECOMMUNICATIONS CARRIER.
- SUCH DEFINITION WILL PERMIT WIRELESS CLECS TO FLOURISH THEREBY INTRODUCING VIBRANT COMPETITION TO THE LOCAL LOOP.

THE TERM "RIGHTS-OF-WAY":

- IS A RIGHT TO PASS OVER, UNDER OR THROUGH LAND, BUILDINGS, AND OTHER PROPERTY BY EASEMENT, FEES SIMPLE, OR OTHERWISE.
- EASEMENTS ARE COMMONLY GRANTED TO PERMIT ENTITIES TO ACCESS BRIDGES, BUILDINGS, ETC.
- BASEMENT HOLDERS MAY STRING WIRES, PLACE ANTENNAS, ETC., IN THE RIGHT-OF-WAY.

THE COMMISSION MUST SET FORTH A METHODOLOGY TO CALCULATE JUST AND REASONABLE RATES FOR ACCESS TO RIGHTS-OF-WAY.

- THE COMMISSION HAS RECOGNIZED THAT AD HOC COMPLAINT SYSTEMS PERMIT MONOPOLISTS TO TAKE ANTICOMPETITIVE ACTS.
- A FORMULA WOULD FACILITATE NEGOTIATIONS OVER PRICE THEREBY PROVIDING SWIFT ACCESS TO RIGHTS-OF-WAY.

THE RIGHTS-OF-WAY FORMULA MUST ENSURE THAT PRICES ARE JUST AND REASONABLE AND NONDISCRIMINATORY:

- RATES MUST BE COST-BASED
- A TELECOMMUNICATIONS CARRIER SHOULD PAY NO MORE THAN ITS PROPORTIONATE SHARE OF THE UTILITY'S COST OF MAINTAINING THE RIGHT-OF-WAY.

BEFORE THE
Federal Communications Commission
WASHINGTON, D.C.

In the Matter of

Implementation of Section 703 (e)
of the Telecommunications Act
of 1996

Amendment of the Commission's
Rules and Policies Governing
Pole Attachments

} CS Docket No. 97-151

COMMENTS OF WINSTAR COMMUNICATIONS, INC.

WinStar Communications, Inc. ("WinStar")¹ hereby submits its
Comments in the above-captioned proceeding.²

WinStar holds the largest amount of 3G GHz spectrum in the United States which it is using to roll out a ubiquitous, facilities-based wireless telecommunications network for the transmission of voice, data, and video traffic. To that end, WinStar has received authority to operate as a competitive local exchange carrier ("CLEC") in twenty-seven jurisdictions and as a competitive access provider in thirty-six. WinStar offers switched commercial service as a CLEC in New York City, Chicago, Los Angeles, Boston, Dallas, Washington, D.C., San Diego, and Newark and expects to be operating shortly in twelve other major market areas. As of September 1, 1997, WinStar had forty carrier customers, including Ameritech Cellular Services, MCI Communications, Pacific Bell, and Teleport Communications.

¹ Implementation of Section 703(e) of the Telecommunications Act of 1996; Amendment of the Commission's Rules and Policies Governing Pole Attachments, CS Docket No. 97-151, Notice of Proposed Rulemaking, FCC 97-234 (rel. August 12, 1997) ("Notice").

I. INTRODUCTION.

As a wireless CLEC, WinStar is dependent on access to rooftops, risers, and inside wiring in order to deliver its services to building tenants and residents. Using pizza-sized dishes placed on four-foot antenna poles, WinStar is able to utilize spectrum in the 38.6-40.0 GHz band to transmit large amounts of traffic from location to location. From the rooftop, the wireless traffic is transmitted through wireline (generally coaxial cable) to terminating equipment and channel banks located inside the building.³

WinStar's growth as a facilities-based competitor in the local exchange has been hampered by an inability to obtain access to rooftops on fair terms. As detailed in WinStar's comments in CS Docket 95-184, many landlords or building owners have been exercising their monopoly power when leasing rooftop space.⁴ Without reasonable access to rooftops,⁵ WinStar -- and presumably other wireless carriers -- are precluded from offering competitively-priced services to building tenants and residents.

³ See WinStar Comments in CS Docket No. 95-184, *Telecommunications Services Inside Wiring* (Aug. 5, 1997) ("WinStar Inside Wiring Comments").

⁴ Id.

⁵ Many of the offers made by building owners for rooftop access have been unreasonable. An offer to deal on unreasonable terms is an unlawful refusal to deal. See *Fishman v. Wirtz*, 807 F.2d 520, 450 (7th Cir. 1986); *Delaware & Hudson Railway Co. v. Consolidated Rail Corp.*, 902 F.2d 174, 179-180 (2d Cir. 1990), cert. denied, 500 U.S. 936 (1990).

The inability to access rooftops, on reasonable terms significantly diminishes wireless CLECs' ability to compete with incumbent local exchange carriers ("ILECs").

This proceeding, therefore, presents the Commission with an opportunity to continue its commitment to bring competition to the local loop and the benefits thereof to all consumers. In pursuit of that goal, the Commission must interpret Section 224 to ensure that telecommunications carriers including wireless CLECs have full access to rights-of-way -- including rooftop rights-of-way -- held by utilities⁶ and that such access is on reasonable rates, terms, and conditions. Such actions will permit wireless CLECs to flourish, leading to vibrant competition in the local loop and other telecommunications services. In turn, the introduction of competition should provide numerous public welfare benefits to consumers.

II. THE TERM "RIGHTS-OF-WAY" IN SECTION 224 MUST INCLUDE ROOFTOP ACCESS.

Section 224 expressly mandates that utilities provide telecommunications carriers "with nondiscriminatory access to . . . any right-of-way." The Commission has concluded appropriately that the "access and reasonable rate provisions of Section 224 are applicable where a . . . telecommunications carrier seeks to install facilities in a right-of-way but does not make a physical

⁶ The term "utility" is defined in Section 224(a)(1), 47 U.S.C. § 224(a)(1), of the Communications Act as any local exchange carrier or electric, gas, water, steam or other public utility who owns or controls poles, ducts, conduits, or rights-of-way.

attachment to any pole, duct or conduit."⁷ Although the statute does not define a "right-of-way," it does make clear that access was to be given to "any" right-of-way -- public or private⁸ -- "owned or controlled" by a utility.⁹

The Commission should interpret the term "rights-of-way" to include -- at a minimum -- all rights-of-way held by utilities including those for access to rooftops, and other like access points.¹⁰ That definition will permit wireless CLECs to build out their networks swiftly and on a playing field level with the IIMSCs. A narrower definition, on the other hand, would diminish the prospect of competition from wireless CLECs because such CLECs will be put to the extensive time and expense of obtaining rooftop access by negotiating building-by-building.

⁷ See Notice at ¶ 42.

⁸ It should be uncontroversial that Congress' use of the term "rights-of-way" without qualifiers indicates that the term encompasses both public and private rights of way. Congress was well aware of the fact that rights-of-way may be public (for use by all) or private (limited to a particular person or class of persons). This is clearly evidenced by Section 253(c)'s preservation of State and local authority over "public rights-of-way." That Congress placed no limiting qualifier before the term "rights-of-way" in Section 224 demonstrates its intent that such rights-of-way include both public and private rights-of-way.

⁹ See 47 U.S.C. §§ 224(a)(4) & (f)(1).

¹⁰ In the marketplace, rooftops and other access points are treated as rights-of-way.

a. Rooftop Access Constitutes An Essential Facility For The Provision Of Wireless Local Exchange Service.

The Commission's definition of "rights-of-way" should be informed by the fact that rooftop access is an "essential facility" for the provision of wireless local exchange services. Under the antitrust laws, a facility is "essential" if a potential competitor could not feasibly duplicate the facility and if refusal of access precludes entry into the market.¹¹ As discussed above, WinStar and other wireless carriers must have rooftop access in order to provide their services to a particular building (i.e., signals can be transmitted between locations only via rooftops). Without rooftop access, wireless CLECs have absolutely no means of providing their service to customers and potential customers in a given building. For similar reasons, the Common Carrier Bureau has noted that "(u)tility poles, ducts, and conduits are regarded as essential facilities, access to which is vital for promoting the deployment of cable television systems."¹² Consequently, much like access to poles, ducts, and

¹¹ See City of Anaheim v. Southern Cal. Edison Co., 955 F.2d 1373, 1380 (9th Cir. 1992). See also Hecht v. Pro-Football, Inc., 570 F.2d 982, 992 (D.C. Cir. 1977), cert. denied, 436 U.S. 956 (1978) (holder of essential facility has the power to prohibit entry into the market). The seminal "essential facilities" case is United States v. Terminal R.R. Ass'n, 224 U.S. 383 (1912) in which the Supreme Court required a group of railroads to make available access to their terminal to all competitors on just and reasonable terms as the bridge was the sole means of access to the city.

¹² See Public Notice DA 95-35, Common Carrier Bureau Cautions Owners of Utility Poles (Jan. 11, 1995).

conduits; access to rights-of-way constitutes an essential facility.

b. The Term "Rights-Of-Way" Must Be Interpreted As The Full Basement Or Like Right Held By The Utility.

The term "rights-of-way" must be interpreted to include the full panopoly of access rights held by the utility. Anything less would frustrate Congress' intent as it would provide CIGCS with rights smaller than those held by IURCs and utilities.

It is well-established that a "right-of-way" typically refers to a right to "pass over the land of another" and is considered to be an easement.¹³ That definition has been adopted by, among others, the D.C. Circuit,¹⁴ the Federal Circuit,¹⁵ the Court of Claims,¹⁶ various federal district courts,¹⁷ and

¹³ See 25 Am. Jur 2d, Easements and Licenses § 7. See also Blacks Law Dictionary 425 (3d ed. 1991) (defining right-of-way as "an easement for passage or access upon or across the lands of another").

¹⁴ See The Wilderness Society v. Morton, 479 F.2d 842, 853-54 (D.C. Cir. 1973) (*en banc*) (right-of-way includes any "right of passage over another person's land" including revocable permits, revocable licenses, and easements).

¹⁵ See Board of County Supervisors v. U.S., 48 F.3d 520, 527 (Fed. Cir. 1995) ("'Rights-of-way' are another term for easements, which are possessory rights in someone else's fee simple estate."), cert. denied, 133 L. Ed. 2d. 24 (1995).

¹⁶ See Dal Rio Drilling Programs, Inc. v. U.S., 35 Fed. Cl. 186, 191 (1996) (right-of-way is "an easement for passage or access upon or across the lands of another.") (quotation omitted).

¹⁷ See Columbia Gas Transmission Corp. v. Savage, 863 F. Supp. 198, 199 n.1 (M.D. Pa. 1994) ("A right-of-way, is an easement."); Lincoln Properties, Ltd. v. Higgins, 823 F. Supp. 1528, 1534 (E.D. Cal. 1992) (same); Iethin v. U.S., 583 F. Supp. 663, 671 (D. Or. 1984) (same); Wells v. Dix Farms,

numerous state courts.¹⁸ Thus, for example, the Supreme Court has noted that an easement by necessity is a right-of-way.¹⁹ Of course, "[i]n some rights-of-way are held in fee simple."²⁰ Regardless, whenever a utility has a right to pass over or otherwise access a building via an easement or other right-of-way, it should be uncontested that such right of access also accrues to telecommunications carriers such as wireless CLECs pursuant to Section 224.

This conclusion is buttressed by the Bureau of Interior's regulations governing rights-of-way over public lands.²¹ Section 2800.0-5(g) defines a "right-of-way" as "the public lands authorized to be used or occupied pursuant to a right-of-way grant." In turn, Section 28.00.0-5(h) defines a right-of-way grant as "an instrument issued pursuant to [statute]."

and Chemicals, Inc., 383 F. Supp. 146, 148 (N.D. W.Va. 1974) (same).

¹⁸ See, e.g., Norbourne, N.Y. v. Fla. Power Corp., 692 So.2d 928, 929 n.1 (Fla. App. 1997) (conveyance of a "right-of-way is generally held to create only an easement"); Ryder v. Petrea, 416 S.E.2d 686, 688 (Va. 1992) (same). State courts also have found that deeds that convey a right-of-way should be construed to provide only an easement. See, e.g., Brown v. Nash, 924 P.2d 908 (Wash. 1996); Grim v. Butler, 601 So.2d 834 (Miss. 1992); Brown v. Penn Central Corp., 510 N.E.2d 641 (Ind. 1987); Meyarink v. Northwestern PSC, 391 N.W.2d 180 (S.D. 1986).

¹⁹ See Icc Sheep Co. v. U.S., 440 U.S. 668, 679 (1979) ("These rights-of-way are referred to as 'easements by necessity.'").

²⁰ See Presseault v. ICC, 494 U.S. 1, 16 (1990).

²¹ See 43 C.F.R. § 28.00.0, et seq.

authorizing the use of a right-of-way over, upon, under or through public lands for construction, operation, maintenance and termination of a project." (emphasis added). The generous scope of rights-of-way is demonstrated by use of the phrase "over, upon, under or through public lands"²² and by the fact that rights-of-way are to be granted for a multitude of purposes including:

- (1) reservoirs, canals, ditches . . . pipes and other facilities for the impoundment, storage, transportation or distribution of water;
- (2) pipelines and other systems for the distribution of [certain] liquids and gases . . . and for storage and terminal facilities in connection therewith;
- (3) pipelines, emulsion systems, and conveyor belts for transportation and distribution of solid materials and facilities for the storage of such materials;
- (4) systems for generation, transmission and distribution of electric energy; and
- (5) "systems for transmission or reception of radio, television, telephone, telegraph and other electronic signals, and other means of communications."²³

It should be noted that the term "land" or "lands" does not mean that "rights-of-way" do not permit access to buildings, rooftops, and other structures. "The word 'land' includes not only the soil but everything attached to it, whether attached by the course of nature, . . . or by human hands, as buildings, fixtures and fences."²⁴ As noted in Black's Law Dictionary, land

²² See 43 C.F.R. §§ 2800.0-1 & 28.00.0-7(a)(5) (emphasis added).

²³ See 43 C.F.R. §§ 2800.0-7 (emphasis added).

²⁴ See 63C Am Jur 2d Property § 12.

includes "anything that may be classed as real estate or real property" as well as rights in use of the airspace above the actual property.²⁵

C. A Utility Need Not Be Using Its Rooftop Rights-Of-Way As A Precondition For Such Use By A Telecommunications Carrier Under Section 224.

With respect to rooftop access, the utility need not actually be accessing the roof in order for a telecommunications carrier to do so under Section 224; it is enough if the utility possesses a right-of-way or easement which would permit such access.²⁶ It is black-letter law than an easement holder is entitled to utilize technological improvements as are reasonably necessary to carry out the purpose of the easement provided that such new use is substantially compatible with the right-of-way and does not substantially burden the servient estate (the property containing the easement).²⁷

²⁵ Blacks Law Dictionary 877 (6th ed. 1990).

²⁶ See, 39 Am Jur 2d Highways, Streets and Bridges § 196 ("public easement in a highway or street is not limited to its surface but extends both upward and downward for a distance sufficient to accommodate as well as to protect all proper uses to which the way is subject.")

²⁷ See C/R TV, Inc. v. Shannondale, Inc., 27 F.3d 104, 108 (4th Cir. 1994); see also 25 Am Jur 2d Basements and Licenses § 86 (right of way may be used by its holder "in availing himself of all modern improvements of the age."); see also 39 Am Jur 2d Highways, Streets, and Bridges § 195 ("It is settled law that the easement of the public in a highway is not limited to the particular methods of use in vogue when the easement was acquired, but includes all new and improved methods, the utility . . . of which may afterward be discovered It is not material that these new and improved methods . . . are more onerous to [the owner of the land] than those [previously] in use.")

In C/R TV, Inc., for example, the Fourth Circuit found that the common law right of easement holders to utilize technological improvements allowed a power company to string television transmission cables even though its easement permitted it only to "string electrical power and telephone wires."²⁸ Since the power company was entitled to string television cables (even though it was not so doing), the court held that a cable company -- which had acquired rights to use the power company's poles -- could likewise string television cables. In sum, the court concluded that the cable company stood in the shoes of the easement holder power company and could exercise those rights held (but not necessarily used) by the easement holder. Such rights likewise accrue to telecommunications carriers under Section 224.

Finally, there should be no doubt that an easement holder is entitled to erect structures such as antennas upon the easement or right-of-way. The Fourth Circuit has held that the placement of an additional wire on a pole "does not impose any meaningful increase in the burden" on the property owner.²⁹ Indeed, easements have been found to permit the holder to lay underground pipes,³⁰ maintain a telegraph across another's property,³¹ hang a

²⁸ Id. at 108-110.

²⁹ Id. at 109 ("The fact that an additional wire would be introduced to many others on the poles does not impose any meaningful increase in the burden on Shannondale's interest in the underlying property.").

³⁰ See 25 Am. Jur 2d, Basements and Licenses § 7.

sign on another's wall,³² erect various buildings and structures necessary for the functioning of a railroad³³ and to construct a wharf.³⁴ Thus, the placement of small dishes and antennas by the utility should not be considered an incompatible use.³⁵ Since the utility would have the right to place such equipment, so too would telecommunications carriers pursuant to Section 224.

III. THE COMMISSION MUST SET FORTH A METHODOLOGY TO CALCULATE JUST AND REASONABLE RATES FOR RIGHTS-OF-WAY, SUCH DETERMINATIONS SHOULD NOT BE LEFT TO AN AD HOC COMPLAINT PROCESS.

Section 224 requires utilities to make available their rights-of-way to telecommunications carriers. Given the essential nature of such access, the Commission should adopt a pricing methodology and not rely on an ad hoc complaint process.

As an initial matter, utilities -- and most definitely the ILECs -- are likely to be poor gatekeepers. They have every

³¹ *Id.* at § 11.

³² *Id.* at § 12.

³³ See Missouri Pac. R.R. Co. v. 55 Acres of Land, 947 F. Supp. 1301, 1309-1310 (E.D. Ark. 1996) (noting that Arkansas Law defines "right-of-way" as "all grounds necessary for side tracks, turn-outs, depots, workshops, water stations, and other necessary buildings" and holding that an "intermodal facility" for the receipt and distribution of freight fell within the meaning of right-of-way).

³⁴ An easement affording access to a lake over land adjacent to the water may (even if silent) convey a right to install and use a dock from the right-of-way to the lake. See 79 Am Jur 2d, Wharves § 6.

³⁵ See C/R TV, Inc., 27 F.3d at 109 (placement of television cable wire is not incompatible with easement permitting the stringing of telephone cable).

incentive to delay the advent of competition by new entrants.

Indeed, the Commission has observed that a "utility that itself is engaged in . . . telecommunications services has the ability and incentive to use its control over distribution facilities to its own competitive advantage."³⁶ In analogous circumstances, the Commission has recognized that regulation is needed to ensure that new entrants' agreements do not unfairly reflect the greater market power of the incumbent monopolist or oligopolist carriers.³⁷ Price regulation is the proper solution here as well.

A pricing formula would also obviate another problem which would arise in the absence of a formula, namely, that telecommunications carriers such as WinStar would be required to bargain over access prices on a building-by-building basis. Even if such negotiations could be conducted fairly and swiftly (which is most likely not the case), the sheer number of negotiations would slow the rapid development of wireless telephony, thereby depriving the public of at least one potential competitor to the ILECs. Wireless CLECs would be placed between the proverbial

³⁶ See Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order, 11 FCC Rcd 15499, 16071 (1996).

³⁷ See Uniform Settlements Policy, 51 Fed. Reg. 4736, 4742 ¶ 24 (1986) (absent FCC regulation, operating agreements would more directly reflect foreign monopolists' market power); Domestic Public Messaging Service, 73 FCC 2d 151 ¶ 30 (1979) (eliminating contract clauses required by oligopolists as a result of their superior bargaining power as compared to a potential new entrant "dependent on them for any substantial share (of business)").

rock and hard place: endure lengthy negotiations and a complaint process to possibly obtain a fair price or gain swift access by paying unreasonable rents.³⁸

A bright line generic formula, in contrast, would permit wireless CLECs to swiftly obtain access without the delays and difficulties associated in bargaining with the utilities. Indeed, at the heart of the essential facilities doctrine is the recognition that such facilities are properly subject to rate regulation.³⁹ Moreover, the lengthy negotiations over price that would ensue under an ad hoc complaint process would be curtailed significantly with the creation of the Commission's formula. A Commission-promulgated formula would have the additional benefit of conserving Commission resources as it would reduce the need for ad hoc agency determinations over the reasonableness of right-of-way prices. Indeed, whatever benefits might arise from

³⁸ The Common Carrier Bureau has noted that the development of cable television facilities could be hindered by unreasonable conduct on the part of utility pole owners. See "Common Carrier Bureau Cautions Owners of Utility Poles," DA 95-35, Public Notice, (rel. Jan 11, 1995). Likewise, utilities could stymie the growth of wireless local exchange facilities.

³⁹ Justice (then-Judge) Breyer has noted that "regulators . . . have the expertise needed to administer the [essential facilities] doctrine [as they] have a staff, for example, capable of finding facts related to rates." See Hon. Stephen Breyer, "The Cutting Edge of Antitrust: Lessons From Deregulation," 57 Antitrust L.J. 775 (1989). See also NCL Communications Corp. v. AT&T, 708 F.2d 1081, 1132-33 (7th Cir.) ("the antitrust laws have imposed on firms controlling an essential facility the obligation to make the facility available on non-discriminatory terms"), cert. denied, 464 U.S. 891 (1983).

an ad hoc complaint process would be dwarfed by anticompetitive behavior on the part of the rights-of-way holders. In sum, a Commission-promulgated formula would stimulate competition in the local exchange by reducing entry barriers associated with the pricing of rooftop access.

IV. THE FORMULA FOR RIGHTS-OF-WAY MUST ENSURE THAT PRICES ARE JUST AND REASONABLE AND NONDISCRIMINATORY.

Section 224 requires that rates for accessing rights-of-way be "just and reasonable."⁴⁰ In the Notice, the Commission found that the "access and reasonable rate provisions of Section 224 are applicable where a . . . telecommunications carrier seeks to install facilities in a right-of-way but does not make a physical attachment to any pole, duct or conduit."⁴¹ Thus, the pricing for access to rights-of-way must be just, reasonable, and nondiscriminatory.⁴²

At bottom, the Commission's formula must be easy to apply and, more importantly, result in just and reasonable prices.

Base of application is critical as a cumbersome formula might lead to very ill effects it seeks to avoid - lengthy debates and complaints over the proper application of the formula. That the formula must yield reasonable prices is a product of both the statute itself and common sense. Simply put, this goal would be

⁴⁰ See 47 U.S.C. §§ 224(b)(1) & (e)(1).

⁴¹ See Notice at ¶ 42.

⁴² Section 224(f)(1) requires that access to rights-of-way be provided on a nondiscriminatory basis. That admonition should extend to pricing as well.

realized by ensuring that rates are cost-based and do not require the telecommunications carrier to pay more than its proportionate share of the cost to the utility of maintaining the right of way.⁴³

V. CONCLUSION.

In conclusion, WinStar urges the Commission to define rights-of-way so as to make the full access rights held by utilities available to telecommunications carriers and to adopt mechanisms designed to ensure that access to rights-of-way are made available at just and reasonable prices.

Respectfully submitted,

Philip J. Varveer

Timothy Graham

Robert Berger

Joseph Sandri, Jr.

WINSTAR COMMUNICATIONS, INC.
1146 19th Street, N.W.
Suite 200
Washington, D.C. 20036
(202) 833-5678

Philip J. Varveer

Michael F. Finn

WILLKIE FARR & GALLAGHER
Suite 300
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20036
(202) 328-8000

Attorneys For WinStar
Communications, Inc.

September 26, 1997

⁴³ It is not at all clear that existing methodologies for pole attachments are appropriate for rights-of-way. Poles, for example, are far more susceptible of space and other numeric calculations (i.e., it is not difficult to determine the size of the pole and the number of wires it can hold) than are rights-of-way. That said, the principles of cost-based pricing are as relevant to rights-of-way as to poles.

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WINSTAR COMMUNICATIONS, INC.
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Michael F. Finn

WILLKIE FARR & GALLAGHER
Suite 300
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20036
(202) 328-8000

Attorneys For WinStar
Communications, Inc.

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SUMMARY

THE TERM "RIGHTS-OF-WAY" MUST BE INTERPRETED BROADLY TO INCLUDE ROOFTOP ACCESS:

- ROOFTOP ACCESS IS AN ESSENTIAL FACILITY FOR THE PROVISION OF WIRELESS TELECOMMUNICATIONS SERVICES
- RIGHTS-OF-WAY TYPICALLY MAY INVOLVE ACCESS TO BUILDINGS, LOBBIES STAIRWAYS, ETC.

THE COMMISSION MUST ADOPT A RATE METHODOLOGY FOR RIGHTS-OF-WAY:

- LECS HAVE NO INCENTIVE TO MAKE THEIR RIGHTS-OF-WAY AVAILABLE TO RIVALS WHO WILL USE THE RIGHTS-OF-WAY TO WOO LECS' CUSTOMERS
- A RATE FORMULA WILL REDUCE LECS' OPPORTUNITY AND INCENTIVE TO USE THEIR CONTROL OVER RIGHTS-OF-WAY TO PRICE ANTICOMPETITIVELY

CONTRARY TO THE LECS' ARGUMENTS IN FAVOR OF AN AD HOC COMPLAINT PROCESS:

- RATE DISPUTES FOR RIGHTS-OF-WAY CONTINUE TO OCCUR, WILL ALMOST SURELY INCREASE, AND WILL NOT BE RARE
- REQUESTS FOR RIGHTS-OF-WAY WILL NOT BE FEW IN NUMBER
- INEXPERIENCE WITH RIGHTS-OF-WAY CANNOT JUSTIFY THE LACK OF A PRICING FORMULA AS THE COMMISSION HAS CREATED SUCH FORMULAS IN SIMILAR CIRCUMSTANCES
- RIGHTS-OF-WAY ARE NOT TOO COMPLEX TO BE CONDENSED INTO A SINGLE FORMULA

SECTION 224 COMPELS LECS TO OFFER ACCESS TO THEIR RIGHTS-OF-WAY:

- THE INTERCONNECTION ORDER REQUIRES LECS TO USE THEIR EMINENT DOMAIN POWERS TO ESTABLISH "NEW" RIGHTS-OF-WAY TO ACCOMMODATE ACCESS REQUESTS BY ELIGIBLE CARRIERS; SUCH POWERS OVERRIDE ANY CONTRACTUAL LIMITATIONS ON PROVIDING ACCESS
- COURTS HAVE HELD THAT REQUESTING ENTITIES MUST BE ALLOWED TO "PIGGYBACK" ON UTILITIES' BASEMENTS

THE RIGHTS-OF-WAY FORMULA MUST BE BASED ON INCREMENTAL COST:

- RATES MUST BE COST-BASED AND RELATE ONLY TO LECS' ACTUAL DIRECT COSTS OF MAKING ACCESS AVAILABLE

BEFORE THE
Federal Communications Commission
WASHINGTON, D.C.

In the Matter of)
Implementation of Section 703(a) of)
the Telecommunications Act of 1996)
Amendment of the Commission's Rules and)
Policies Governing Pole Attachments)
} CS Docket No. 97-151

COMMENTS OF WINSTAR COMMUNICATIONS, INC.

Winstar Communications, Inc. ("Winstar") hereby submits its Reply Comments in the above-captioned proceeding.¹

I. INTRODUCTION.

The comments in this proceeding reflect the tripartite split between incumbent local exchange carriers ("LECs") who wish to limit access to their customers, competitive telecommunications carriers who seek nondiscriminatory access to rights-of-way, and gas, water, and electric utilities who must provide such access. All of the incumbent LECs filing comments -- including several Bell operating companies ("BOCs"), GTE and USTA -- saw no reason for the Commission to enact a rate formula to govern rights-of-way. Arguing that the Commission has too little experience with rights-of-way, these commenters asserted that reliance on a case-by-case complaint process would yield better results. In

¹

Implementation of Section 703(a) of the Telecommunications Act of 1996; Amendment of the Commission's Rules and Policies Governing Pole Attachments, CS Docket No. 97-151, Notice of Proposed Rulemaking, FCC 97-234 (rel. August 12, 1997) ("Notice").

contrast, WinStar, AT&T, Telligent, XMC Telecommunications, and Colorado Springs Utilities contended that a nondiscriminatory rate formula would provide uniformity and guidance to those holding rights-of-way while simultaneously guaranteeing nondiscriminatory access to those rights-of-way by eligible telecommunications carriers.² The electric, gas, and water utilities, all of which rejected LSCs' ad hoc approach, asserted that the Commission should price rights-of-way at each State's eminent domain rate unless the parties otherwise reach agreement.³

In Section 224, Congress required LSCs and other utilities to make available on nondiscriminatory and reasonable terms all of their poles, ducts, conduits, and rights-of-way used for communications. That action was deliberate. Congress sought to remove those bottleneck facilities from incumbent LSCs' and utilities' control in order to facilitate other telecommunications carriers with the building out of their communications networks and, more importantly, the provision of service to end users. At bottom, therefore, Section 224 is designed to guarantee that telecommunications carriers have nondiscriminatory and fair access to LSCs' and other utilities'

² See, e.g., Colorado Springs Utilities Comments at 4 (Since CSU "does own many rights-of-way, such a policy may be helpful as guidance.").

³ See BEI/UTC Comments at 30-31; American Electric Comments at 64-65.

customers. Such access is essential for the fruition of Congress' goal of competition in the local loop.⁴

To that end, WinStar's Comments here⁵ and in other proceedings⁶ demonstrated the necessity for Commission action concerning rights-of-way. Specifically, WinStar showed that:

* The Commission should bear in mind, however, that fair and nondiscriminatory access to poles, ducts, conduits, and rights-of-way of other utilities alone will not bring about competition in the local loop. To help ensure the success of local loop competition, the Commission also must address issues related to fair and non discriminatory access to public rights-of-way. Currently, no standard exists by which municipalities must value the public rights-of-way under their control. Across the country, local governments are assessing tax-like franchise fees against competitive telecommunications providers based not upon the value and extent of the use of the rights-of-way, but upon arbitrary percentages of such companies' gross revenues. Moreover, municipal governments are leveraging improperly their authority over 911 service and billing arrangements to coerce competitive service providers into entering into franchise agreements that are neither competitively neutral, nor nondiscriminatory. Only when the Commission takes decisive action to hold local governments to their mandate under Section 253(c) to require fair and reasonable compensation for the use of public rights-of-way will competition in the local loop be achieved.

⁵ WinStar recognizes that the Commission's Interconnection Order did not adopt WinStar's position that Section 224 requires utilities to make space available on the rooftop of their corporate offices. See Interconnection Order, 11 FCC Rcd 15499 at ¶ 1185 (1996). However, the Interconnection Order did not address utilities' access obligations with respect to buildings where the utilities have rights-of-way. Those issues, therefore, are properly raised in this proceeding.

⁶ WinStar has set forth its position on rights-of-way in its Petition for Clarification or Reconsideration, and its Opposition to Petitions for Reconsideration in CC Docket Nos. 96-98 and 95-185 as well. Those pleadings -- which are attached to these Reply Comments -- remain outstanding. Given the essential nature of rights-of-way, WinStar urges the Commission to resolve swiftly those issues raised herein and in CC Docket Nos. 96-98 and 95-185, including those issues deferred from CS Docket No. 95-184. See